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In the Supreme Court
OF THE
United States

OCTOBER TERM, 1946

No. 164

TOMLINSON I. MOSELEY, RALPH M. KEELE and KEELMO CO. (a corporation),
Petitioners,

vs.

UNITED STATES APPLIANCE CORPORATION,
Respondent.

PETITION FOR REHEARING FOR A WRIT OF CERTIORARI to the United States Circuit Court of Appeals for the Ninth Circuit.

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PERNAU-WALSH PRINTING CO., SAN FRANCISCO, CALIFORNIA

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PETITION FOR REHEARING FOR A WRIT OF CERTIORARI to the United States Circuit Court of Appeals for the Ninth Circuit.

To the Honorable Fred M. Vinson, Chief Justice of the United States, and to the Honorable Associate Justices of the Supreme Court of the United States:

Petitioners respectfully request reconsideration of their petition for a writ of certiorari to the United States Circuit Court of Appeals for the Ninth Circuit, which this Court denied on October 28, 1946.

STATEMENT.

This suit involved the alleged infringement by the three petitioners and another (a seller of the accused devices) of respondent's patent No. 1,984,585. The Circuit Court of Appeals (*United States Appliance Corporation v. Beauty Shop Supply Co., Inc., et al.*, 121 Fed. (2d) 149) held the respondent's said patent totally invalid on the ground that it was devoid of invention and dismissed the bill as to the seller of the accused devices, but held the patent valid (on the ground of estoppel) as to the petitioners in that one thereof (petitioner Keele) was the inventor named in respondent's said patent.

The act of infringement of petitioners upon which the money award was based *was not participation in the manufacture, sale or use of accused devices but the granting of a license to* the manufacturer (not sued by petitioner) of the accused devices under three patents (issued subsequent to respondent's patent) owned by petitioner Keelmo Co.[1]

In the language of the agreed facts on which the issue was submitted the tort consisted of (R. 120):

> "3. Defendants turned over to the Rilling-Arnao Company one complete set of jackets of the type held to infringe (Plaintiff's Exhibit 4-B), and a box of chemical cartridges and verbally informed a representative of the Rilling-Arnao Company of the results of their developments and demonstrated the use of the jackets and cartridges. * * *
>
> 4. That subsequent to the turning over of the material (jackets and cartridges and information set out

[1]The device of respondent's patent in suit was a steam operated machine never commercially usuable, while the improvements of petitioners' machine was chemically energized and came into wide public use.

> in Paragraph 3 above) to the Rilling-Arnao Company, a license was granted by the Keelmo Company to the Rilling-Arnao Company, dated February 25, 1937, under its patents Nos. 2,187,473, 2,187,474 and 2,137,704, Defendants' Exhibits 19 and 20, and Plaintiff's Exhibit 25-P."

The Circuit Court of Appeals for the Ninth Circuit, in holding such act of licensing was an infringement, held (*Moseley et al. v. United States Appliance Corporation*, 155 Fed. (2d) 25):

> "The act of licensing Rilling-Arnao Company to manufacture and sell the infringing device was itself an act of infringement. In that act, all the appellants —Keele, Moseley and Keelmo Company—participated; for, though not named as parties to the license agreement, Keele and Moseley caused the agreement to be made."

By complete silence on the point, although specified as error (R. 188), the Circuit Court of Appeals also upheld the Lower Court's judgment awarding one-half of the sales price of petitioners' patents as damages *for the alleged act of infringement of merely selling the petitioners' patents.*

Thus, the legal question presented for decision by this Court is whether or not the making of a new invention and obtaining a patent thereon and then granting a license under such patent and selling such patent constitutes the tort of infringement, contributory or otherwise, of a prior patent despite the fact that such licensor and seller of the patents did not participate in the manufacture, use or sale of devices made by the licensee and had no control thereover.

REASONS FOR REHEARING.

1. This Court in *Mercoid Corporation v. Mid-Continent Inv. Co.*, 320 U. S. 661, 64 S. Ct. 268 at 273, substantially limited the doctrine of contributory infringement by narrowing it to acts which in and of themselves were infringements and which themselves invaded the rights of a patentee.[2]

To the contrary, the Circuit Court of Appeals in its instant decision by holding:

> "The act of licensing Rilling-Arnao Company to manufacture and sell the infringing device was itself an act of infringement."

substantially expanded the doctrine of contributory infringement even as it existed prior to the *Mercoid Case*, supra, and thus is in direct conflict with the decision of this Court in the *Mercoid Case* (supra) as to the metes and bounds of the doctrine of contributory infringement which should be settled by this Court in the public interest.

2. That subsequent to the filing of their original petition for writ of certiorari herein, petitioners have been advised by the Department of Justice of the United States that the question involved is of great importance to the public generally.

That the public generally has an interest is apparent in that should the decision be permitted to stand it would:

(a) enlarge the monopoly created by a patent beyond that provided for by Sec. 4884 R. S. (U.S.C.

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[2]This Court said in that case: "The result of this decision, together with those which have preceded it, is to limit substantially the doctrine of contributory infringement. What residuum may be left we need not stop to consider."

Title 35, Sec. 40)[3] in that it confers rights upon a patent owner to exclude others from lawful acts beyond the statutory exclusion of unauthorized acts to make, use and sell a patented invention;

(b) seriously deter patent owners from granting licenses under patents because it converts the lawful act of licensing into an actionable tort making the licensor liable to prior patentees for acts of a manufacturer in which acts the patent owner not only does not participate but has no control. Thus, the modern policy, for the economic betterment of the public, of encouraging universal licensing of patents to reduce concentration of patents in the hands of dominant patentees would be seriously impaired and impeded;

(c) enable the holder of a dominant patent to enjoin holders of subsequent patents from granting licenses.[4] In effect the instant holding of the Circuit Court of Appeals for the Ninth Circuit has, by tacking the questionable doctrine of estoppel[5] to the holding that an act of licensing under or sale of subsequent patents for valuable contributions is an act of infringement, enabled a holder of a totally invalid patent (invalid because totally devoid of invention over prior art and thus always in the public domain)

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[3]"Every patent shall contain • • • and a grant to the patentee, his heirs and assigns, for the term of seventeen years, of the exclusive right to make, use, and vend the invention or discovery • • •."

[4]U. S. Rev. St. Sec. 4921. A contributory infringer may be enjoined. *Lenk v. Hunt-Lasher Co.*, 14 Fed. (2d) 335; *Thomson-Houston v. Ohio Brass Co.*, 80 Fed. 712, 26 C.C.A. 107.

[5]Questioned by this Court in *Sola Electric Co. v. Jefferson Electric Co.*, 317 U. S. 173, 63 S. Ct. 172.

to exclude the public from the use and benefit of the improvement of such subsequent patents.

3. That because of the conflict between this Court's decision in the *Mercoid Case* (supra) substantially limiting the doctrine of contributory infringement, and that of the Circuit Court of Appeals in the instant case enlarging the doctrine of contributory infringement, this Court should, for the public benefit, settle the metes and bounds of contributory infringement.

CONCLUSION.

It is, therefore, respectfully submitted that the petition for rehearing should be granted, that this Court's order of October 28, 1946, denying the writ should be vacated, and that the petition for a writ of certiorari should be granted.

Dated, San Francisco, California,
November 1, 1946.

Respectfully submitted,
WALTER SLACK,
Attorney for Petitioners.

OSCAR ALVIN MELLIN,
LEROY HANSCOM,
Of Counsel.

CERTIFICATE OF COUNSEL.

I, Walter Slack, attorney for petitioners, hereby certify that the foregoing petition for rehearing is presented in good faith and not for delay.

Dated, San Francisco, California,
November 1, 1946.

WALTER SLACK,
Attorney for Petitioners.